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HUNTON & WILLIAMS LLP
INTELLECTUAL PROPERTY DEPARTMENT
1900 K STREET, N.W.
SUITE 1200
WASHINGTON, DC 20006-1109

| EXAMINER |
|---|
| CHENCINSKI, SIEGFRIED E |

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## GROUP 3600

## BEFORE THE BOARD OF PATENT APPEALS

## AND INTERFERENCES

Application Number: 09/366,135

Filing Date: August 02, 1999

Appellant(s): ADAMS ET AL.

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Ira Blum

For Appellant

## EXAMINER'S ANSWER

This is in response to the appeal brief filed on September 15, 2004

## (1)   *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

## (2)   *Related Appeals and Interferences*

Appellants' brief contains a statement that there are no appeals or interferences

pending in regards to this application.

## (3)   *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

## (4)   *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection

contained in the brief is correct.

## (5)   *Summary of Invention*

The summary of invention contained in the brief is correct.

## (6)   *Issues*

The appellant's statement of the issues in the brief is correct.

## (7)   *Grouping of Claims*

The rejection of claims 69-157 stand or fall together as stated in appellant's brief.

## (8)   *Claims Appealed*

The copy of the appealed claims contained in the Appendix to the brief is correct.

## *(9)    Prior Art of Record*

US-4,774,664              CAMPBELL ET AL.              700/90
US-5,850,446              BERGER ET AL.                380/59

## *(10)   Grounds of Rejection*

The following ground(s) of rejection are applicable to the appealed claims.

1.      **Claims 69-157 are rejected** under 35 U.S.C. 103(a) as being unpatentable over
Campbell (US Patent 4,774,664) in view of Berger (US Patent 5,850,446).
**Re. Claims 69-157,** Campbell teaches a computerized system for processing financial
transactions, including the following elements:

•       Involving a plurality of financial transaction accounting systems (Col. 1, lines 59-
65; Col. 2, lines 30-44);

•       Using various conventional long distance communications means, such as
networks, to receive and transmit data in and out of the central processor (Col. 3, lines
33-49).

•       User terminals remotely located from the central processor permitting an
operator to enter a group of transaction data sets into a central processor (Col. 2, lines
45-48; lines 57-68; Col. 3, lines 33-49);

•       Each transaction data set comprising an amount, an account number, a payment
reason and payment type and being associated with one of the said financial
transaction accounting systems (Col. 2, lines 57-68; Col. 1, lines 63-65);

•       Using a central processor to apply each data set to its appropriate place in the
financial accounting system, including the general ledger with which it is associated
(Col. 1, line 66 through Col. 2, line2; Col. 2, lines 28-44).

•       A plurality of account processors connected to user terminals and a processing
server (Col. 3, lines 33-40).

•       Using at least one memory having financial transaction software (Col. 1, lines 59-
65; Col. 3, lines 40-52).

- Applying a verification routine to determine if data was at least in part correctly entered (Col. 4, 2-4). Generally Accepted Accounting Principles contain numerous techniques for verifying, auditing, proving out or validating data and cumulations thereof. A manual total of certain cumulations is just one of many acceptable techniques in the accounting practice.

- Campbell does not teach:

- The use of a parsing processor server (Claim 68 and following) to sort individual transaction data sets for the purpose of sending them to the financial transaction accounting system each set is associated with. Campbell also does not teach the use of a breakout processor (Ind. Cl. 101).

- Using web browsing software, (Dep. Cl. 106).

- Displaying an icon (Dep. Cl 114).

- Electronic Funds Transfer (Dep. Cl. 115).

Berger teaches:

- The use of a parsing processor to sort individual transaction data sets for the purpose of sending them to the financial transaction accounting system each set is associated with (Col. 159, Line 26; lines 61-62; Col. 160, lines 30-31). Appellant describes the breakout processor as a general purpose processor which he proposes to use in an alternative scheme to perform the function of parsing and of transmitting parsed information to account processors and/or general ledger systems (Page 14, line 15 through Page 15, line 8). This indirectly supports the Microsoft Computer Dictionary (Fifth Edition) in the sense that this dictionary does not have definitions for "parsing processors, parsing processor servers or breakout processors", meaning that these terms are strictly end use terms for general purpose processors, so that these labels describe the software functions of parsing and breakout.

- Using web browsing software (Col. 3, lines 21-23).

- Displaying an icon (Col. 12, lines21-24).

- Electronic Funds Transfer (Col. 1, lines 16-20).

As such, an ordinary practitioner of the art at the time of the invention would have applied Campbell's teaching with Generally Accepted Accounting Principles for book

keeping, report generation, web browsing, using icons in displays and electronic funds transfers with the commonly known functions of parsing and breakout processing for the purpose of incorporating the features and techniques of parsing, breakout data transmission, report generation, web browsing, using icons in displays and electronic funds transfers to establish an automated, network based financial transaction system. The combination of Berger and Campbell also does not teach the techniques of verifying accuracy by comparing manually totaled information with computer totaled information relating to a transmitted batch of information made up of a plurality of transaction (Claim 1 and following), a check writing system (Dep't Claim 119), computer report generation, (Dep't Claim 118), accounts payable system (Dep't Claim 120) and demand deposit account (Dep't Claim 149). Campbell and appellant both state in their specifications that their inventions have primarily been designed for lending institutions (Campbell, Col. 1, lines 6-9; Appellant, Page 1, lines 3-17). Generally Accepted Accounting Principles and accounting systems universally use these features and techniques. As such, an ordinary practitioner of the art at the time of the invention would have combined Campbell and Berger with Generally Accepted Accounting Principles to establish appellant's system to assure valid data entry, produce reports, operate an accounts payable system, and process demand deposit accounts in a financial institution.

Accordingly, it would have been obvious to an ordinary practitioner of the art presented in this application at the time of the claimed invention to design and operate a system and method for processing financial transactions and offering optional the other optional features cited above, while using a parsing processing server and, optionally, a breakout processor, to process financial transaction data sets related to a plurality of financial transaction accounting systems, receiving such data sets from a plurality of off site user terminals through a variety of public and private networks, including the internet, sending such transaction data sets over a separate variety of public and private networks to the financial transaction accounting system each is associated with, for the purpose of improving the efficiency and quality of financial accounting data processing.

The motivation for the ordinary practitioner of the art would have been to provide a centralized financial data processing system which integrates various individual loan and financial processing and accounting systems, which provides a central processing system and method of operating that system in which a data bank provided at a central processor is used to store relevant financial loan information, the data bank being updated in real time, which provides a financial data processing system which utilizes a host computer coupled, via suitable communication channels, to various distributed processors, such as mini-computers, each mini-computer being connected to one or more offices, and each office containing one or more terminals for accessing and updating financial loan information that is maintained at both the host computer and respective ones of the distributed processors connected thereto. (Campbell, Col. 1, line 58 – Col. 2, line 12). Further motivation is for a merchant to obtain information from a customer, to assure that the information is from an authentic source, and for the merchant to further transmit the information to a bank or financial institution through a payment gateway over a publicly accessible packet-switched network, without risking the exposure of the information to interception by third parties that have access to the network (Berger, Col. 2, ll. 36-54).

### Response to Arguments

**ARGUMENT SUMMARY:** Appellant presents one overarching argument, namely that the rejection of claims 69-157 in the Final Office Action references cited by the examiner under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 4,774,664 ("Campbell") in view of U.S. Patent No. 5,850,446 ("Berger") has failed to establish a *prima facie* case of obviousness or that the cited references teach all of the explicitly recited limitations of the pending claims.

**A. ARGUMENT - Page 6, II. 10-12: "The Examiner has failed to show (such) (parenthesis added) a motivation or need <u>in the cited references</u> for combining the centralized system in Campbell with the parsing discussed in Berger".**
**RESPONSE:**

**1. MOTIVATION:** The Final Rejection contains motivation statements and references for combining the two references in two on places: on page 5, lines 1&2 ("for the purpose of improving efficiency and quality of financial accounting data processing"), and from page 9, line 18 through page 11, line 4. The second section included in summarized form in the above are drawn from the motivations expressed by both Campbell (Col. 1, line 58 – Col. 2, line 12) and Berger (Col. 1, line 5 – Col. 4, line 35).

**2. NEED FOR COMBINING:** The motivation for the ordinary practitioner of the art would have been to provide a centralized financial data processing system which integrates various individual loan and financial processing and accounting systems, which provides a central processing system and method of operating that system in which a data bank provided at a central processor is used to store relevant financial loan information, the data bank being updated in real time, which provides a financial data processing system which utilizes a host computer coupled, via suitable communication channels, to various distributed processors, such as mini-computers, each mini-computer being connected to one or more offices, and each office containing one or more terminals for accessing and updating financial loan information that is maintained at both the host computer and respective ones of the distributed processors connected thereto. (Campbell, Col. 1, line 58 – Col. 2, line 12). Further motivation is for a merchant to obtain information from a customer, to assure that the information is from an authentic source, and for the merchant to further transmit the information to a bank or financial institution through a payment gateway over a publicly accessible packet-switched network, without risking the exposure of the information to interception by third parties that have access to the network (Berger, Col. 2, ll. 36-54).

**B. ARGUMENT - Page 7, ll. 12-14: "Campbell and Berger would not be combined because the Campbell reference teaches away from Applicants' claimed invention".** Appellants provide the following supporting arguments:
**(1) Appellants' invention contains transactions involving a plurality of accounting systems (p. 7, ll. 16-17).**

**(2) Appellants' invention requires that each server have a parsing processor (p. 7, II. 18-21).**

**(3) Appellants' invention involves a distributed system (p. 8, II. 1-7).**

**(4) Campbell teaches that the art prior to Campbell only involved individual systems and did not suggest distributed systems, and that Campbell chose to teach an integrated system (p. 8, 8-17).**

**(5) Since Campbell's teaching is for a centralized system no parsing is required (p. 9, II. 4-6).**

**RESPONSE:**

**THE TEACHING AWAY PRINCIPLE:**

**a. Analogous Art:**

The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. "In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); *In re Clay*, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem."); and *Wang Laboratories Inc. v. Toshiba Corp.*, 993 F.2d 858, 26 USPQ2d 1767 (Fed. Cir. 1993).

Appellant's method, apparatus and systems claims and the Campbell and Berger teachings are all analogous art because they involve computer automated business methods concerned with financial transactions. Appellant's invention concerns computer automated accounting financial transaction processing. Campbell and Berger's art intersect because they each deal with financial transactions. Campbell deals with the stage when the transaction has arrived in a banking institution, and Berger's art deals

with an earlier stage of the origination of a financial transaction which will pass into or through a financial institution such as a bank.

**b. The Common Sense Technical Basis of Teaching Away:** The concept of "teaching away has technical foundations and requirements. This can be seen in the court's detailed opinion in the case of W.L. Gore & Associates v. Garlock, Inc. This involves a teaching of "stretching said (unsintered) PTFE at a 10% per second rate to more than five times the original length. .... A reference teaching rapid stretching of conventional plastic polypropylene with reduced crystallinity combined with a reference teaching stretching unsintered PTFE, would not have suggested rapid stretching of highly crystalline PTFE, in light of the disclosures in the art that teach away from the invention, i.e., that the conventional polypropylene should have reduced crystalinity before stretching, and that PTFE should be stretched slowly". Having read this court opinion, the examiner concluded that the relevant aspect of the opinion turned on the court's finding that a technical error had been argued in the justification of an obviousness combination of two teachings. The court finding of a technical distinction in this case could not be clearer. The court found that the combination of the properties of two unrelated polymers was technically incompatible and thus the teachings could not be properly combined. Thus the court followed common sense logic. This court illustration demonstrates that the "teaching away" doctrine has limited, narrow technical validity of a common sense variety.

**c. In This Case:** The art being combined in the obviousness rejections in this case is analogous because they each serve the same or very similar purposes in a banking or financial institution setting for processing financial transactions dealing with a plurality of account systems. Hence, it is logical to combine the teachings of Campbell and Berger for the motivations stated in the above rejections without having explicit teachings in the references telling the ordinary practitioner to make the combination.

**THE FACTUAL REVIEW:**

The examiner agrees that Campbell teaches an integrated transaction accounting system. However, Appellant's invention is also an integrated financial transaction accounting system because it is integrated at the data entry terminal (Specification, p.

7, II. 4-6). Appellants describe their system as a transaction accounting system (Appeal Brief, p. 7, II. 16-17). However, Appellants focus on the teller-user's data entry through any one of a plurality of terminals as a core example of the problem Appellants have embarked on solving with their invention (Specification, Background of the Invention, p. 1, I. 3 – p. 5, I. 12). Transaction data can be entered from any terminal in the system and distributed through the integrated system to the appropriate locations in a data bank containing the records for that account. This core feature of Appellants' invention makes it an integrated transaction accounting system. Further, Appellants describe their system as "distributed" in the Corrected Appeal Brief where a first processing server receives transaction data and sends each transaction data set to the appropriate financial transaction accounting system (p. 8, II. 4-7).

Appellants argue in their Brief that "in contrast to the present invention's retention of the structure of the separate accounting systems, the inventors in Campbell chose to go the opposite direction and integrate the various individual operations into a single centralized system " (p. 8, II. 14-17). Contrary to Appellants' argument, as noted above, this is what Appellants also did with their invention. Appellants also argue "that the distributed mini-computers in Campbell are not the plurality of financial transaction account systems recited in Applicants claim" (p. 9, II. 19-21). As will be seen in the next paragraph, Campbell have retained the individual operations as illustrated in the very first embodiment of their teaching illustrated by Figure 1 and by Column 5, I. 46 – Col. 8, I. 37 as explained in the next paragraph. Further, Campbell teach a plurality of financial account systems located in the distributed computers.

Re. sub arguments (3) and (4), Campbell teaches an integrated system of a host computer and a plurality of distributed computers located at a plurality of remote office locations. Campbell further describes his teaching, as illustrated in Fig. 1 "as a central/distributed system" (Col. 8, II. 18-19). Each distributed computer is capable of conducting financial transactions and each are able to store a large number of related customer account records of various types at each location (Col. 6, II. 6-11, 28-31). Each computer, whether host or distributed computer, has its own processor which Campbell calls a "smart" terminal (Col. 8, II. 34-37). Each distributed computer's data

banks include the financial account information of the customers served by the location(s) the computer supports. Contrary to Appellants' sub argument (1), this stored customer account information includes a wide variety of transaction types and accounting systems as defined by Appellants' specification, such as loans, leases, bank accounts, deposits, withdrawals, credit card loans, auto loans, etc. (Campbell, Col. 7, ll. 54-57). However, the integration aspect of Campbell involves the host central computer also storing copies of the records contained in the distributed computers for the purpose of back-up protection in case of the failure of a distributed computer (Col. 7, ll. 46-47; Col. 8, ll. 19-33), and for the purpose of enabling management reports to be obtained through the central host computer which relate to the transactions and accounts located at the distributed computers (Col. 7, ll. 46-62). Thus Campbell describe how the distributed nature of the system maintains two way redundancy between the host central computer and the distributed computers and their data banks so that the entire system may continue to function when any given computer in the system malfunctions, whether that be the host or a distributed computer. In other words, the host central computer backs up the distributed computers and the distributed computers back up the host computer so that transactions can continue to be processed in the case of one computer's failure. This also means that Campbell teaches a system where transactions can be entered into any terminal throughout the system intended for an accounting system located anywhere in Campbell's system. So, Campbell and Appellants' invention are analogous in that they each involve integration, centralization and distributed system characteristics.

Re arguments (2) and (5), the above rejection and the prior final rejection has included the examiner's demonstration that Appellants admittance that a general purpose processor server is capable of performing parsing and that this is in keeping with industry understanding as suggested by the Microsoft Computer Dictionary. Further, parsing in inherent to Campbell's system in order to permit the system to direct each transaction to its proper accounting system (loan, credit card, checking, etc.). Therefore, Campbell requires parsing, and Berger is provided as explicit evidence that parsing is used in analogous art.

To summarize, it is clear that, contrary to Appellant's arguments, Campbell's system teaches most of the critical components of Appellants' system. Campbell operates individual independent operations of a distributed computer system while maintaining an integrated, centralized system. Campbell also teaches that the system's purpose is to support a plurality of financial account systems located in the distributed computers as is the purpose of Appellants' invention. The conclusion is that Campbell does not teach away from Appellants' invention.

**C.  ARGUMENT - Page 9, II. 11-16:  The prior art references must also teach or suggest all the limitations of the claim in question. See MPEP § 706.02(j). A reference can only be used for what it clearly discloses or suggests. See In re Hummer, 113 U.S.P.Q. 66 (C.C.P.A. 1957); In re Stencel, 4 U.S.P.Q.2d 1071, 1073 (Fed. Cir. 1987). Here, the references, whether taken individually or in combination, do not disclose or suggest the invention claimed by the Applicant. Page 11, II. 6-8: "even if there was a motivation to combine, the two references would not teach Applicants' explicitly recited claims".**
**RESPONSE:**
In considering obviousness combinations, the most important factor rests on the examiner's judgement on what of ordinary skill in the art would have considered obvious. The Examiner recognizes that references cannot be arbitrarily combined and that there must be some reason why one skilled in the art would be motivated to make the proposed combination of primary and secondary references. *In re Nomiya*, 509 F.2d 566, 184 USPQ 607, (CCPA 1975).  There is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art. *In re McLaughlin,* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).
The obviousness rejections in this case meet these guidelines because the ordinary practitioner of the art at the time of Appellant's invention would have found the combination of prior art cited in the rejections to be of obvious applicability to satisfy their stated motivations, as documented above in the response to Argument A.

**D. ARGUMENT - Page 11, ll. 9-11 : "the generally accepted accounting principals do not cure any of the deficiencies described above with respect to the Campbell and Berger references".**
**RESPONSE:**

This argument is moot because Appellant fails to provide any argument to substantiate this argument with evidence.

However, Appellants' response may possibly serve to support element B. (1) above of the examiner's response which takes the meaning of Appellants' accounting systems to merely define such separate accounting systems as loan modules, credit card modules, and such. As stated above, Campbell and Appellants' invention support the same kinds of accounting system transactions.

In case Appellants are also intending to encompass different accounting systems from a technical accounting sense, meaning different accounting treatments and approaches (GAAP), then it is appropriate to state that: "[T]he PTO can require an applicant to prove that the prior art products do not necessarily or inherently possess the characteristics of his [or her] claimed product. Whether the rejection is based on inherency' under 35 U.S.C. 102, on *prima facie* obviousness' under 35 U.S.C. 103, jointly or alternatively, the burden of proof is the same...[footnote omitted]." The burden of proof is similar to that required with respect to product-by-process claims. In re Fitzgerald, 619 F.2d 67, 70, 205 USPQ 594, 596 (CCPA 1980) (quoting In re Best, 562 F.2d 1252, 1255, 195 USPQ 430, 433-34 (CCPA 1977)).

Appellant's argument regarding the rejections involving generally accepted accounting principles (GAAP) in response to the non-final action preceding the final rejection was responded to in the Response to Arguments section, section B, of the Final Rejection.

Appellant's lack of substantive counter argument to the examiner's response indicates acceptance of the examiner's response (MPEP 2144.03, If applicant does not seasonably traverse the well known statement during examination, then the well

known statement is taken to be admitted prior art. *In re Chevenard*, 139 F. F.2d. 71, 60 USPQ 239 (CCPA 1943)).

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Siegfried E. Chencinski

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Conferees

Hyung S. Sough

Frantzy Poinvil

Steven I. Weisburd, Esq.

Dickstein Shapiro Morin & Oshinsky LLP

1177 Avenue Of the Americas- 41 floor

New York, NY 10036-2714